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The Best Places In America To Open A Restaurant

R&I'S EXCLUSIVE 1992 RESTAURANT OPPORTUNITY INDEX

VOL. 102, NO. 19

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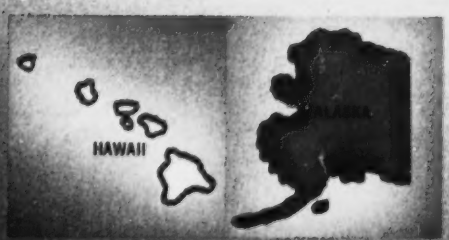
R&I and National Decision Systems present:

THE BEST PLACES TO OPEN A RESTAURANT



R&I EXCLUSIVE

THE TOP 15 OPPORTUNITIES IN THE U.S.*

1. Gadsden, Ala.
2. Johnson City-Kingsport-Bristol, Tenn.
3. Florence, Ala.
4. Ocala, Fla.
5. Columbus, Ga.-Ala.
6. Anniston, Ala.
7. Huntington-Ashland, W.Va.-Ky.-Ohio
8. Texarkana, Tex.-Ark.
9. Danville, Va.
10. Bradenton, Fla.
11. Lawton, Okla.
12. Provo-Orem, Utah
13. Lakeland-Winter Haven, Fla.
14. Cheyenne, Wyo.
15. Vancouver, Wash.

By Rajan Chaudhry

Led by small metro markets like Gadsden, Ala., and Johnson City, Tenn., the South offers the best prospects for restaurant expansion in the United States, according to research conducted by Equifax National Decision Systems for *Restaurants & Institutions*. In fact, of the 15 top-ranked metropolitan areas, the first 13 fall in the three U.S. Census Bureau regions—the East South Central, West South Central and South Atlantic—that constitute the South. Among the least attractive areas for new restaurants are the Pacific and New England regions, where depressed demand and overbuilding of restaurants have conspired to plunder opportunity.

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R&I EXCLUSIVE

ABOUT THE STUDY

The *R&I* Restaurant Opportunity Index (ROI) was designed to highlight the areas of the United States that offer the greatest potential for restaurant expansion. With the help of Equifax National Decision Systems, a leader in the field of geographic and demographic target marketing, we have developed a model to identify those metropolitan markets in which demand for restaurant dining is high—relative to regional averages—and restaurant supply is low. "This structural approach to measuring opportunity is unique," says Scott Purlee, director of restaurant marketing services for National Decision Systems. "The advantages are that small markets are not eliminated because of their size, and large markets will not necessarily rise to the top of the list. This is particularly useful when evaluating niche or second-tier expansion opportunities."

The ROI market analysis involves seven key variables:

Supply measures comprise number of eating and drinking locations, total eating- and drinking-place sales, and sales per location.

Databases show where to build and what to serve.

Demand variables encompass number of households, estimated median income per household, annual per household expenditure on eating and drinking away from home, and share of household income spent on eating and drinking away from home.

The Restaurant Opportunity Index for each Metropolitan Statistical Area (MSA) is a function of income share and sales per location. (The Census Bureau defines an MSA as a city that, with contiguous densely settled territory, has a population of at least 50,000. If the MSA's largest city is smaller than 50,000, the area must have a total population of at least 100,000. MSAs typically include all counties with strong economic and social ties to the central city.) The index is calculated using the following formula:

$$\frac{\text{MSA demand per location}}{\text{Region's demand per location}} \times \frac{\text{MSA income share}}{\text{Region's income share}} \div 100$$

The higher the ROI, the better the potential for expansion.

For purposes of national ranking, the ROI also is computed for each MSA and region based on U.S. totals.

MENU OPPORTUNITY INDEX

To supplement the ROI, we rank menu opportunities within the highest scoring market for each Census region.

The Menu Opportunity Index is determined by calculating a sales-per-location figure for restaurants in each of 23 menu segments. The MSA's sales-per-location number is then compared to nationwide averages for the same segment.

Data for the study came from National Decision Systems' updates of the U.S. Census and its own Business-Facts database. For more information, contact: Scott Purlee, Director, Restaurant Marketing Services, Equifax National Decision Systems, (312) 693-0070. R&I

RESTAURANT OPPORTUNITIES BY REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	1991 total sales ($M)	Per HH expenditure	Demand per location	Income share
1. East South Central	147	5,745,193	$25,068	27,296	$ 8,826,531	$1,536	$323,364	6.13%
2. West South Central	113	9,805,315	26,648	58,457	15,284,606	1,559	261,468	5.85
3. South Atlantic	109	16,942,200	33,715	90,404	27,621,093	1,630	305,530	4.84
4. West North Central	109	6,802,531	30,624	39,206	10,941,544	1,608	279,078	5.25
5. East North Central	105	15,808,424	32,600	91,735	25,838,402	1,634	281,664	5.01
6. Mountain	102	5,149,777	29,672	32,345	8,242,676	1,601	254,836	5.39
7. Middle Atlantic	88	14,124,860	37,857	86,184	23,461,187	1,661	272,222	4.39
8. Pacific	85	14,258,468	37,091	92,838	23,690,096	1,661	255,177	4.48
9. New England	81	5,029,227	43,036	30,993	8,584,480	1,707	276,981	3.97
UNITED STATES TOTALS	100	93,665,964	33,449	549,458	152,490,602	1,628	277,529	4.87

Source: Equifax National Decision Systems

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R&I EXCLUSIVE

1. EAST SOUTH CENTRAL

The South rises again—as a great place to build a restaurant.

While much of the country has run out of steam, the East South Central's solar-power economy keeps it humming along as a top choice for new restaurants.

At Checkers Drive-In Restaurants, Clearwater, Fla., management's plan is to saturate the region and expand nationally. "See, there's no huge cities, so people kind of forget about [the region]," says Chief Financial Officer Paul Campbell. "What there is in the Southeast is an awful lot of medium-size towns that are just beautiful fast-food markets."

Small and mid-size metro areas take most of the top spots on *R&I*'s Restaurant Opportunity Index. "A lot of restaurant chains are beginning to look at the small markets because they've pretty well saturated some of the others," says Tom Quinn, executive vice president of the Gadsden-Etowah Chamber of Commerce.

Gadsden, Ala., the highest-ranking MSA in both the region and the country, is a market of fewer than 105,000 people. "We've started to get a lot of interest from restaurant chains, and this has all happened in the last three months," says Quinn.

Steel, rubber and trucking

continued on page 78

TOP 10 MSAs: EAST SOUTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	Eating and drinking locations: 1991 total sales ($000)	Eating and drinking locations: Per HH expenditure	Eating and drinking locations: Demand per location	Eating and drinking locations: Income share
1. Gadsden, Ala.	122	39,080	$22,421	164	$ 58,895	$1,507	$359,113	6.72%
2. Johnson City-Kingsport-Bristol, Tenn.	119	172,906	25,564	689	267,935	1,550	388,876	6.06
3. Florence, Ala.	115	51,585	23,073	228	78,665	1,525	345,024	6.61
4. Anniston, Ala.	110	43,403	24,862	190	66,767	1,538	351,403	6.19
5. Owensboro, Ky.	100	33,358	25,219	159	51,521	1,545	324,034	6.12
6. Montgomery, Ala.	99	107,758	28,583	480	170,564	1,583	355,342	5.54
7. Louisville, Ky.-Ind.	96	371,727	30,320	1,679	598,809	1,611	356,646	5.31
8. Tuscaloosa, Ala.	95	56,767	24,550	288	86,998	1,533	302,075	6.24
9. Mobile, Ala.	93	177,194	25,493	903	274,408	1,549	303,885	6.07
10. Dothan, Ala.	88	49,326	26,626	258	76,972	1,560	298,339	5.86
REGION TOTALS	100	5,745,193	25,068	27,296	8,826,531	1,536	323,364	6.13

Source: Market Statistics/Claritas Systems

Johnson City, Tenn., is a boom town for new restaurants.

continued from page 75

form the foundation of Gadsden's economy, and while the market struggled in the '80s, it has begun to regain momentum. "Everything's looking up," says Quinn.

A bigger and, for some types of operations, even better market is the MSA formed by the cities of Johnson City, Kingsport and Bristol, Tenn.

Since 1990, more than 15 new restaurants have opened in the Johnson City market, says Phyllis Johnson, business writer for the *Johnson City Press*. About a third of the new restaurants are fast food, while the bulk are midscale and casual-upscale operations. Since fall of last year, The Olive Garden, Grady's American Grill, Ruby Tuesday, Applebee's and the Lone Star Steakhouse all have opened in Johnson City.

What makes the market so hot? "The economy in East Tennessee, in general, has outperformed the national averages over the last couple of years, and as the rest of the country has kind of gone into a tailspin, this market has not," says Jonathan Link, vice president of retail operations at Capital Pizza Huts, a Johnson City-based Pizza Hut franchisee. In addition to its 15 local Pizza Huts, Capital operates franchises in New Jersey, Maine and Vermont. "The economy in those markets is not nearly as good as it is here," he says. "In fact, New Jersey has got to be the worst in the country. It's awful."

Johnson City draws on an MSA of almost 450,000, both Link and Johnson point out. The local economy is diverse, and a major university, East Tennessee State, as well as two medical schools, add to the stability of the area. "The only major casualty we've had is Texas Instruments decided to move its operations back to Texas, which will eventually lead to the loss of about 900 jobs," says Johnson.

Although Johnson City itself has experienced a flood of restaurant openings over the past year, Bristol and Kingsport still are underserved, says Link. "The economy in Bristol hasn't been very strong, but I don't know why some of the big midscale restaurant operators haven't gone to Kingsport," he says. —R.C.

MENU OPPORTUNITIES IN GADSDEN, ALA.

Segment	Menu opportunity index
QSR fish/seafood	153
Midscale family steak	146
QSR chicken	132
QSR ice cream	132
QSR retail	123
QSR sandwich	121
Midscale varied	116
FS fish/seafood	111
QSR pizza	111
Midscale hotel	106
QSR doughnut	104
Midscale family-style	103
QSR varied menu	101
QSR Mexican	100
Midscale cafeteria	98
FS Mexican	80
Upscale moderate check	75
Upscale varied	75
FS Italian	71
FS Oriental	71
Upscale casual	65
Upscale hotel	64
Upscale high check	55
UNITED STATES (each segment)	100

Source: Claritas National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

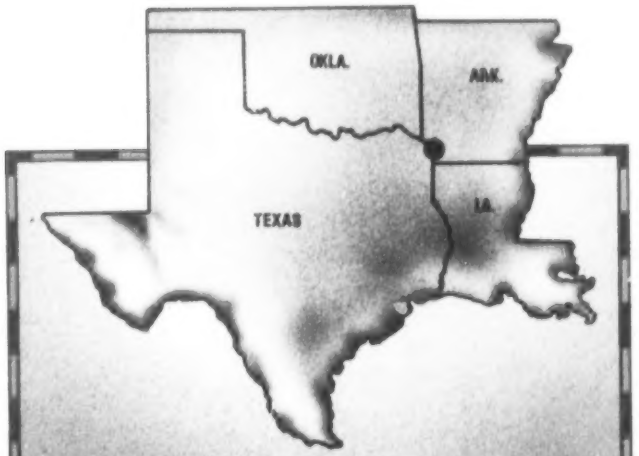
RESTAURANT OPPORTUNITY INDEX: EAST SOUTH CENTRAL

MSAs	Region index	U.S. index	MSAs	Region index	U.S. index
Gadsden, Ala.	122	179	Knoxville, Tenn.	85	125
Johnson City-Kingsport-Bristol, Tenn.	119	175	Lexington-Fayette, Ky.	82	121
Florence, Ala.	115	169	Clarksville-Hopkinsville, Tenn.-Ind.-Ky.	77	113
Anniston, Ala.	110	161	Huntsville, Ala.	75	110
Owensboro, Ky.	100	147	Chattanooga, Tenn.-Ga.	74	109
Montgomery, Ala.	99	146	Jackson, Miss.	71	105
Louisville, Ky.-Ind.	96	140	Pascagoula, Miss.	70	103
Tuscaloosa, Ala.	95	140	Jackson, Tenn.	67	98
Mobile, Ala.	93	137	Nashville, Tenn.	64	94
Dothan, Ala.	88	129	Biloxi-Gulfport, Miss.	60	88
Birmingham, Ala.	88	129			
Memphis, Tenn.-Ark.-Miss.	86	125	REGION/U.S. AVERAGE	100	100

Source: Claritas National Decision Systems

continued from page 78

R&I EXCLUSIVE



2. WEST SOUTH CENTRAL

Arkansas and Oklahoma lead the region's charge up the rankings.

When the oil industry hit the wall in the 1980s, many local economies in the West South Central region were critically injured in the crash.

Especially hard-hit were the cities in Texas and Louisiana. But today, many markets in those states have begun to recover, and their efforts at diversification have created a strong base for new growth.

The region's top-ranking site for new development, according to *R&I*'s Restaurant Opportunity Index, is the Texarkana MSA, which extends into both Texas and Arkansas.

Texarkana escaped the worst of the region's depression largely because of its low reliance on the oil business, according to Lisa Bose, business reporter for the *Texarkana Gazette*.

Food processing, tire manufacturing and paper production are among the MSA's largest industries. Texarkana is the site of the Red River Army Depot, which recently was removed from the 1991 base closure list. The market also is a major wholesale distribution center for northeast Texas, southwest Arkansas, northwest Louisiana and southeast Oklahoma.

According to *R&I*'s Menu Opportunity Index, Texar-

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TOP 10 MSAs: WEST SOUTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Selling and drinking locations: Locations	1991 total sales ($000)	Per HH expenditure	Demand per location	Income share
1. Texarkana, Texas-Ark.	140	45,438	$23,359	211	$ 69,242	$1,524	$328,162	6.52%
2. Lawton, Okla.	138	38,113	24,961	171	58,504	1,535	342,129	6.15
3. Lake Charles, La.	125	60,975	25,479	306	95,168	1,561	311,006	6.13
4. Fort Smith, Ark.-Okla.	123	68,184	23,803	351	103,481	1,518	294,816	6.38
5. McAllen-Edinburg-Mission, Texas	122	107,728	17,532	656	152,230	1,413	232,058	8.06
6. Pine Bluff, Ark.	119	30,715	22,321	170	46,133	1,502	271,373	6.73
7. Tulsa, Okla.	115	279,530	27,334	1,441	439,874	1,574	305,256	5.76
8. San Angelo, Texas	114	35,851	24,324	199	55,024	1,535	276,504	6.31
9. Killeen-Temple, Texas	113	85,611	25,188	464	131,456	1,536	283,310	6.10
10. Alexandria, La.	110	46,120	21,620	282	68,814	1,492	244,021	6.90
REGION TOTALS	100	9,805,315	26,648	58,457	15,284,606	1,559	261,488	5.85

Source: Expert Network Decision Systems

Army bases and tire plants mark region's two top markets.

continued from page 85

kana holds strong potential for fast-food chicken, midscale family steak, and full-service seafood concepts.

Bose also sees a need for restaurants that stay open late. "Most close at 9 or 10," she laments.

Like Texarkana, Lawton, Okla., gets top marks for restaurant opportunity. Lawton likewise derives economic strength from a large Army base—Fort Sill—and from a major tire plant.

Even within its region, Lawton is a standout, says Mary Trueblood, a franchisee with two Burger Kings in Lawton. "Compared to everybody else around here, I'd say we're doing damn well."

Although Trueblood says the market is fairly saturated with quick-service burger places—including McDonald's, Burger King, Wendy's and Whataburger—she is considering opening another Burger King. Sales at her two Lawton units are up about 8% over last year, she says. And she sees room in the market for more midscale and casual restaurants. "Golden Corral is here, and it does fantastic. Furr's does pretty good. I tell you what I would love to see come in here, if anyone's asking—there's been rumors that they're going in—and that's The Olive Garden. I drive 45 miles to Wichita Falls to go to The Olive Garden about twice a week." —R.C.

RESTAURANT OPPORTUNITY INDEX: WEST SOUTH CENTRAL

MSAs	Region Index	U.S. Index	MSAs	Region Index	U.S. Index
Texarkana, Texas-Ark.	140	158	Bryan-College Station, Texas	98	111
Lawton, Okla.	138	156	Fort Worth-Arlington, Texas	95	107
Lake Charles, La.	125	141	Longview-Marshall, Texas	94	106
Fort Smith, Ark.-Okla.	123	139	Brazoria, Texas	94	106
McAllen-Edinburg-Mission, Texas	122	138	Wichita Falls, Texas	94	106
Pine Bluff, Ark.	119	135	Monroe, La.	92	105
Tulsa, Okla.	115	130	Amarillo, Texas	92	105
San Angelo, Texas	114	129	Lafayette, La.	92	104
Killeen-Temple, Texas	113	128	Sherman-Denison, Texas	92	104
Alexandria, La.	110	125	Waco, Texas	91	103
Little Rock-North Little Rock, Ark.	110	124	Lubbock, Texas	88	100
Fayetteville-Springdale, Ark.	108	122	Houston	87	99
Oklahoma City	107	121	Baton Rouge, La.	86	98
Abilene, Texas	106	120	Austin, Texas	84	95
Brownsville-Harlingen, Texas	104	118	Dallas	83	94
Laredo, Texas	103	117	Galveston-Texas City, Texas	80	90
Enid, Okla.	103	117	San Antonio	79	90
El Paso, Texas	103	116	New Orleans	79	90
Houma-Thibodaux, La.	101	114	Odessa, Texas	75	85
Beaumont-Port Arthur, Texas	100	113	Victoria, Texas	74	84
Tyler, Texas	100	113	Corpus Christi, Texas	73	83
Shreveport, La.	100	113	Midland, Texas	71	81
			REGION/U.S. AVERAGE	100	100

Source: Expetec National Decision Systems

MENU OPPORTUNITIES IN TEXARKANA, TEXAS-ARK.

Segment	Menu opportunity index
QSR chicken	145
Midscale family steak	142
QSR retail	137
FS fish/seafood	129
QSR ice cream	121
QSR fish/seafood	116
Midscale cafeteria	115
QSR Mexican	115
QSR sandwich	112
Midscale varied	107
QSR pizza	102
Midscale hotel	95
FS Mexican	86
Midscale family-style	86
QSR doughnut	79
Upscale hotel	79
FS Italian	78
Upscale high check	78
Upscale moderate check	77
FS Oriental	76
QSR varied menu	75
Upscale casual	74
Upscale varied	65
UNITED STATES (each segment)	100

Source: Expetec National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

continued from page 88

R&I EXCLUSIVE

3. SOUTH ATLANTIC

Mix of tourists, retirees remains potent lure for new restaurants.

The news that Ocala, Fla., is the No. 1 opportunity for expansion in the South Atlantic comes as no surprise to David Cyril, assistant news editor of *The Ocala Star-Banner*.

Several of the local units rank among the highest-grossing restaurants in their respective chains, he says. "There's a Chili's out there that's No. 3 in the nation, and The Olive Garden here does very well."

The restaurants' success is due in part to their location on the interstate, which gives them access to tourists traveling to and from Orlando and Central Florida, says Cyril. "Plus we have a lot of retirement-type communities out west of the interstate there, and there's a good portion of people that come in for dinner a lot."

The recession, which took its toll on many Florida operators, had little impact on Ocala's economy, according to Cyril. "I don't think it's been affected much. As a matter of fact, there are several new bars and restaurants that'll be opening very shortly."

R&I's Menu Opportunity Index for Ocala reveals high potential for midscale family steak restaurants, quick-service and full-service fish/seafood concepts.

The expansion outlook

continued on page 98

TOP 10 MSAs: SOUTH ATLANTIC REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	1991 total sales ($000)	Per HH expenditure	Demand per location	Income share
1. Ocala, Fla.	154	82,093	$22,140	365	$ 122,810	$1,496	$336,464	6.76%
2. Columbus, Ga.-Ala.	153	87,317	27,085	345	135,821	1,555	393,684	5.74
3. Huntington-Ashland, W.Va.-Ky.-Ohio	147	119,958	22,724	560	181,936	1,517	324,886	6.67
4. Danville, Va.	145	42,517	28,501	177	67,746	1,593	382,748	5.59
5. Bradenton, Fla.	143	94,149	28,364	396	149,655	1,590	377,916	5.60
6. Lakeland-Winter Haven, Fla.	141	180,926	26,908	719	250,321	1,556	348,152	5.98
7. Parkersburg-Marietta, W.Va.-Ohio	132	58,068	26,096	282	91,200	1,571	323,404	6.02
8. Lynchburg, Va.	125	53,765	31,815	243	87,705	1,631	360,925	5.13
9. Hagerstown, Md.	120	45,545	30,806	220	73,905	1,623	335,931	5.27
10. Pensacola, Fla.	119	132,126	28,090	666	208,773	1,580	313,473	5.63
REGION TOTALS	100	16,942,260	33,715	90,404	27,621,993	1,630	305,530	4.84

Source: Sales & Marketing Management

Low cost of living adds to the appeal of Columbus, Ga.

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also is sunny in Columbus, Ga.-Ala., the No. 2 MSA in the South Atlantic. "There is very much an opportunity for growth in all areas of the food business," says the district manager of a large fast-food chain. The manager, headquartered in Columbus, preferred not to be identified.

"I think there's a real opportunity in Columbus for some upscale restaurants, fine dining. There's really not a top-notch place with atmosphere and great food. . . . And there's growth in other segments. We're up in double digits, and we probably will add some more fast-food restaurants," he says.

Although Columbus has felt the recession, the economy is holding up well. And according to a recent Columbus *Ledger-Enquirer* article, the city has one the lowest costs of living in the region. —R.C.

MENU OPPORTUNITIES IN OCALA, FLA.

Segment	Menu opportunity index
Midscale family steak	163
QSR fish/seafood	145
Midscale varied	132
FS fish/seafood	131
QSR ice cream	131
QSR retail	131
QSR chicken	130
Midscale hotel	127
Midscale cafeteria	120
QSR sandwich	113
Midscale family-style	111
QSR doughnut	95
QSR pizza	92
QSR varied menu	88
Upscale varied	81
QSR Mexican	79
Upscale moderate check	74
Upscale hotel	72
FS Mexican	70
FS Italian	69
FS Oriental	67
Upscale casual	57
Upscale high check	55
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: SOUTH ATLANTIC

MSAs	Region index	U.S. index
Ocala, Fla.	154	168
Columbus, Ga.-Ala.	153	167
Huntington-Ashland, W.Va.-Ky.-Ohio	147	161
Danville, Va.	145	158
Bradenton, Fla.	143	157
Lakeland-Winter Haven, Fla.	141	154
Parkersburg-Marietta, W.Va.-Ohio	132	144
Lynchburg, Va.	125	137
Hagerstown, Md.	120	131
Pensacola, Fla.	119	131
Hickory, N.C.	119	130
Anderson, S.C.	115	126
Greensboro-Winston Salem, N.C.	115	126
Cumberland, Md.-W.Va.	113	124
Norfolk-Virginia Beach-Newport News, Va.	112	123
Burlington, N.C.	111	121
Athens, Ga.	110	120
Tallahassee, Fla.	109	119
Fort Pierce, Fla.	109	119
Asheville, N.C.	108	118
Fayetteville, N.C.	108	118
Macon-Warner Robins, Ga.	108	118
Daytona Beach, Fla.	106	116
Charleston, W.Va.	105	115
Tampa-St. Petersburg-Clearwater, Fla.	103	113
Richmond-Petersburg, Va.	103	113
Roanoke, Va.	101	111
Jacksonville, Fla.	100	109
Gainesville, Fla.	99	108
Charlotte-Gastonia-Rock Hill, N.C.	99	108
Augusta, Ga.-S.C.	97	106
Fort Myers-Cape Coral, Fla.	96	105
Greenville-Spartanburg, S.C.	96	105
Sarasota, Fla.	94	103
Charlottesville, Va.	93	101
Florence, S.C.	92	101
Charleston, S.C.	92	101
Columbia, S.C.	91	100
Melbourne-Titusville-Palm Beach, Fla.	91	100
West Palm Beach-Boca Raton, Fla.	91	99
Albany, Ga.	91	99
Raleigh-Durham, N.C.	90	99
Washington, D.C.-Md.-Va.	89	98
Fort Lauderdale-Hollywood, Fla.	86	94
Miami-Hialeah, Fla.	85	93
Savannah, Ga.	84	92
Wilmington, Del.-N.J.-Md.	84	91
Orlando, Fla.	82	89
Atlanta	81	89
Baltimore	81	88
Naples, Fla.	77	85
Fort Walton Beach, Fla.	77	84
Panama City, Fla.	76	84
Jacksonville, N.C.	73	80
Wilmington, N.C.	68	75
REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

R&I EXCLUSIVE

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4. WEST NORTH CENTRAL

The Dakotas offer the smoothest sledding for new restaurants.

Although the West North Central region finishes only fourth out of nine regions in restaurant opportunity, member-states North Dakota and South Dakota both place among the top 10 states nationwide. And neighboring Minnesota finishes 13th.

Of all the region's metropolitan markets, the Fargo, N.D.-Moorhead, Minn., MSA exhibits the greatest potential for new foodservice outlets, according to *R&I*'s Restaurant Opportunity Index.

"The economy is holding up pretty well here," says Jon Knutson, business writer for the *Forum of Fargo-Moorhead*. "Some people are saying there's been a little bit of a recession. But, on balance, I think we're coming through it very well."

Knutson says Fargo-Moorhead is in the midst of a record-setting convention and tourism season, helped by the fact that each city is hosting its state's olympics.

While most other northern cities face shrinking populations, Fargo and Moorhead are growing, Knutson notes. "We tend to be a regional center for a lot of companies that work in a five- or six-state area."

Major employers include three state universities and a private college. Farming,

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TOP 10 RANKS: WEST NORTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Locations	Dining out dollars: 1991 total sales ($000)	Dining out dollars: Per HH expenditure	Demand per location	Income share
1. Fargo-Moorhead, N.D.-Minn.	127	58,975	$28,780	283	$ 94,601	$1,604	$334,278	5.57%
2. Rapid City, S.D.	122	31,233	25,113	164	48,027	1,538	292,847	6.12
3. Bismarck, N.D.	116	31,633	29,122	164	50,725	1,604	309,299	5.51
4. St. Joseph, Mo.	116	32,589	25,132	182	50,314	1,544	276,449	6.14
5. Grand Forks, N.D.	114	25,021	27,491	134	39,329	1,572	293,495	5.72
6. St. Cloud, Minn.	114	66,004	30,035	346	107,048	1,622	309,389	5.40
7. Topeka, Kan.	114	64,650	31,557	329	105,741	1,636	321,402	5.18
8. Joplin, Mo.	110	53,801	22,677	335	81,350	1,512	242,835	6.67
9. Lincoln, Neb.	108	84,203	32,132	442	137,894	1,638	311,978	5.10
10. Minneapolis-St. Paul, Minn.-Wis	106	958,827	40,711	4,463	1,644,153	1,715	368,396	4.21
REGION TOTALS	100	5,802,531	30,624	39,206	10,941,544	1,608	279,078	5.25

The time is right for Mexican concepts in Fargo-Moorhead.

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especially of sugar beets, is big business. And Fargo-Moorhead is pushing hard to attract more light manufacturing jobs.

Knutson says some local restaurants clearly are straining to keep up with demand. "Restaurants have been very busy this summer," he says. "Local people say that they usually have to wait in line in the evening."

According to *R&I*'s Menu Opportunity Index, concepts with the strongest potential for success in Fargo-Moorhead include both quick-service and full-service Mexican restaurants, quick-service doughnut shops, upscale moderate-check restaurants and full-service Italian operations.

Dave MacIver, president of the Bismarck-Mandan Chamber of Commerce, says Fargo-Moorhead is not alone in its need for additional restaurants. "I can give you a classic example: My wife and I went out last night (Tuesday), and we stopped at Applebee's first, and couldn't get in the door—this is at 6:30—we stopped at Ground Round and couldn't get in the door; we stopped next at Peacock Alley, and couldn't get in the door. Our restaurants are getting used," he says.

MacIver sees opportunities especially for additional casual-dining restaurants. "There are three or four of the Ground Round and Applebee's types of mid-level operations located in south Bismarck; there is nothing in north Bismarck and there is nothing across the [Missouri] river in Mandan. So there is tremendous opportunity."

MacIver says retail sales for the area grew 6.5% to 8.5% from the first quarter of 1991 to the same period in 1992. "The economy is excellent. It's not a charging economy, but it's an economy that's moving in the right direction. We also have a very low unemployment rate."

The MSA's economic base includes large agricultural, energy, retail trade and medical components. Bismarck also is the state capital. "The state is a tremendously large employer," notes MacIver. —**R.C.**

MENU OPPORTUNITIES IN FARGO-MOORHEAD

Segment	Menu opportunity index
QSR Mexican	127
FS Mexican	112
QSR doughnut	112
Upscale moderate check	107
FS Italian	106
Upscale varied	106
Upscale casual	105
QSR pizza	104
QSR sandwich	101
FS Oriental	100
Midscale family-style	100
QSR varied menu	100
FS fish/seafood	99
Midscale cafeteria	99
QSR ice cream	99
QSR retail	99
Midscale varied	97
QSR chicken	97
Midscale hotel	94
Upscale hotel	92
Midscale family steak	90
Upscale high check	89
QSR fish/seafood	86
UNITED STATES (each segment)	100

Source: Expert National Decision Agent™
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: WEST NORTH CENTRAL

MSAs	Region Index	U.S. Index	MSAs	Region Index	U.S. Index
Fargo-Moorhead, N.D.-Minn.	127	138	Waterloo-Cedar Falls, Iowa	97	105
Rapid City, S.D.	122	133	Wichita, Kan.	96	105
Bismarck, N.D.	116	126	Springfield, Mo.	96	105
St. Joseph, Mo.	116	126	Rochester, Minn.	96	104
Grand Forks, N.D.	114	124	Iowa City, Iowa	92	100
St. Cloud, Minn.	114	124	Cedar Rapids, Iowa	91	99
Topeka, Kan.	114	123	Omaha, Neb.-Iowa	90	98
Joplin, Mo.	110	120	Kansas City, Mo.-Kan.	90	98
Lincoln, Neb.	108	118	Sioux City, Iowa-Neb.	86	93
Minneapolis-St. Paul, Minn.-Wis.	106	115	Dubuque, Iowa	85	92
Duluth, Minn.-Wis.	103	111	St. Louis, Mo.-Ill.	84	91
Lawrence, Kan.	101	110	Des Moines, Iowa	83	90
Sioux Falls, S.D.	101	110	Columbia, Mo.	82	89
			REGION/U.S. AVERAGE	100	100

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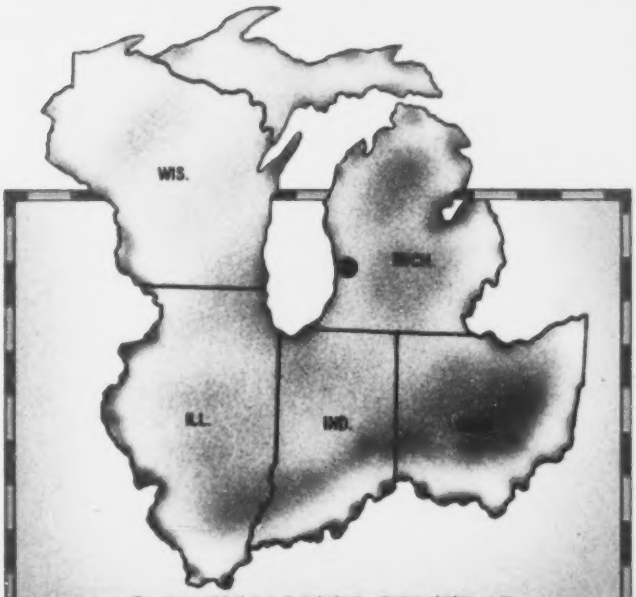
R&I EXCLUSIVE



5. EAST NORTH CENTRAL

Even in Midwest's best markets, some owners say business is slow.

Independent restaurant owners in the East North Central's top-ranked cities say that the recession has taken a bite out of business and that finding opportunities in their markets is growing more difficult.

In Muskegon, Mich., the region's highest-scoring MSA, restaurateur Kave Hamilton says that although she sees some pockets of opportunity, she disagrees that Muskegon on the whole is a good place to open a restaurant. "We've seen too many restaurants come and go here. Even major chains are not cutting the mustard. We have a Chi-Chi's here that about four months ago closed for lunch hours because they weren't getting enough clientele."

Nevertheless, Hamilton says she is negotiating to open a restaurant in Muskegon. Hamilton is co-owner of Some Place Else, a 125-seat family restaurant specializing in gourmet pizza. "I've done a bit of demographics in the last six or eight months, which shows me that area in North Muskegon has very good potential for a restaurant."

The local economy is better than it was a year ago, Hamilton says. "But it's not good," she stresses.

According to *R&I*'s Menu Opportunity Index, the best

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TOP 10 MSAs: EAST NORTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	1991 total sales ($Mil)	Per HH expenditure	Demand per location	Income share
1. Muskegon, Mich.	137	58,802	$26,805	282	$ 92,737	$1,577	$328,853	5.88%
2. Decatur, Ill.	135	45,953	29,210	215	74,295	1,617	345,560	5.53
3. Muncie, Ind.	129	45,450	27,953	224	72,053	1,585	321,663	5.67
4. Saginaw-Bay City-Midland, Mich.	127	149,714	30,774	720	243,702	1,628	338,475	5.29
5. Jackson, Mich.	126	54,854	30,659	266	89,388	1,630	336,047	5.32
6. Wheeling, W.Va.-Ohio	122	62,552	22,692	367	94,924	1,518	258,648	6.69
7. Steubenville-Weirton, Ohio-W.Va.	118	55,176	24,121	327	85,123	1,543	260,314	6.40
8. Hamilton-Middletown, Ohio	118	106,541	34,212	515	176,779	1,659	343,260	4.85
9. Terre Haute, Ind.	116	49,356	25,754	284	76,966	1,559	271,007	6.06
10. Mansfield, Ohio	113	47,939	29,707	263	77,476	1,616	294,587	5.44
REGION TOTALS	100	15,808,424	32,600	91,735	25,838,402	1,634	281,664	5.01

Fast-food seafood concepts might play best in Muskegon.

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prospects for Muskegon include quick-service fish/seafood, midscale family steak, fast-food chicken and ice cream. "Red Lobster does well," says Hamilton. "And I think Wendy's does well here."

In Decatur, Ill., the region's No. 2 MSA, Keith Ashby also is pessimistic about his area. "If I was going to build another restaurant, even another concept, it wouldn't be in Decatur, Ill.," says Ashby, president of the 46-year-old Swartz Restaurant.

"Right now, in the city of Decatur, everybody is coming out with all-you-can-eat buffets for $3.99. In the last six months, it seems like in order to make it in this business, you've got to feed everybody for under $5 all they want to eat."

Ashby says a full-service Mexican concept like Chi-Chi's might do well there. —R.C.

MENU OPPORTUNITIES IN MUSKEGON, MICH.

Segment	Menu opportunity index
QSR fish/seafood	127
Midscale family steak	120
QSR chicken	119
QSR ice cream	119
Midscale varied	113
QSR doughnut	112
QSR sandwich	112
QSR pizza	110
FS fish/seafood	108
QSR retail	108
Midscale family-style	106
QSR Mexican	104
Midscale cafeteria	102
Midscale hotel	99
QSR varied menu	96
FS Mexican	86
Upscale varied	86
Upscale moderate check	84
FS Italian	82
FS Oriental	80
Upscale casual	75
Upscale hotel	73
Upscale high check	64
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: EAST NORTH CENTRAL

MSAs	Region's index	U.S. index	MSAs	Region's index	U.S. index
Muskegon, Mich.	137	143	Benton Harbor, Mich.	102	106
Decatur, Ill.	135	142	Janesville-Beloit, Wis.	101	106
Muncie, Ind.	129	135	Peoria, Ill.	101	106
Saginaw-Bay City-Midland, Mich.	127	133	Kalamazoo, Mich.	101	105
Jackson, Mich.	126	132	Indianapolis	101	105
Wheeling, W.Va.-Ohio	122	128	Aurora-Elgin, Ill.	101	105
Steubenville-Weirton, Ohio-W.Va.	118	123	Rockford, Ill.	100	104
Hamilton-Middletown, Ohio	118	123	Chicago	99	104
Terre Haute, Ind.	116	121	Lafayette, Ind.	99	104
Mansfield, Ohio	113	119	Akron, Ohio	99	103
Anderson, Ind.	113	118	Gary-Hammond, Ind.	98	102
Joliet, Ill.	112	117	Cleveland	98	102
Lansing-East Lansing, Mich.	112	117	Sheboygan, Wis.	96	101
Dayton-Springfield, Ohio	111	116	Davenport-Rock Island-Moline, Iowa-Ill.	96	100
Flint, Mich.	110	115	Toledo, Ohio	93	98
Lorain-Elyria, Ohio	109	114	Columbus, Ohio	93	97
Grand Rapids, Mich.	109	114	Cincinnati, Ohio-Ky.-Ind.	91	96
Bloomington, Ind.	108	113	Madison, Wis.	90	94
Battle Creek, Mich.	107	112	Bloomington-Normal, Ill.	89	93
Evansville, Ind.-Ky.	106	111	Racine, Wis.	88	92
Detroit	106	110	Ann Arbor, Mich.	87	91
Lima, Ohio	105	110	Kokomo, Ind.	87	91
Youngstown-Warren, Ohio	105	110	Wausau, Wis.	87	91
Elkhart-Goshen, Ind.	105	110	Green Bay, Wis.	84	88
Canton, Ohio	105	110	Eau Claire, Wis.	84	87
Fort Wayne, Ind.	104	108	Milwaukee	81	85
Springfield, Ill.	104	108	Kenosha, Wis.	78	82
Champaign-Urbana-Rantoul, Ill.	104	108	Appleton-Oshkosh-Neenah, Wis.	78	82
Kankakee, Ill.	102	107	Lake County, Ill.	74	77
South Bend-Mishawaka, Ind.	102	107	La Crosse, Wis.	74	77
			REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

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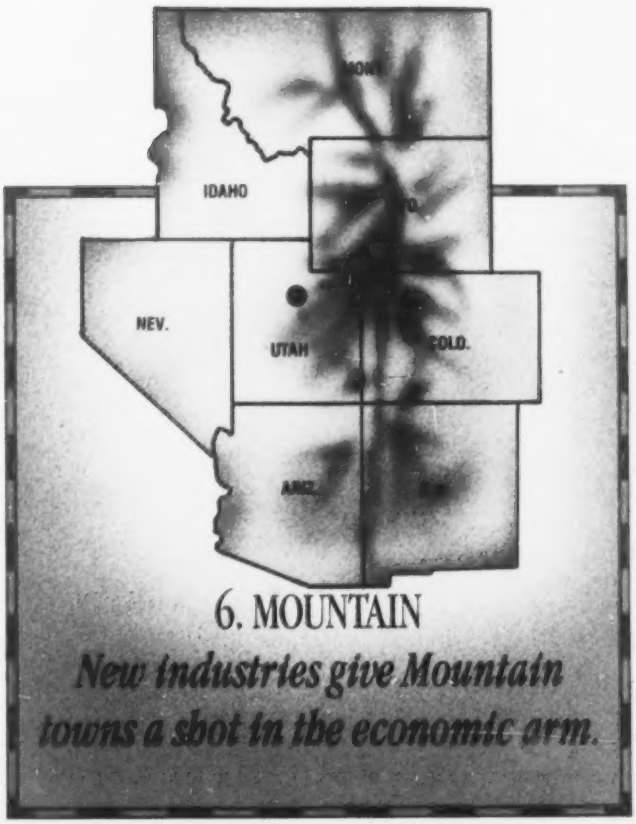
R&I EXCLUSIVE



The Mountain region (index rating: 102) ranks sixth in our survey, buoyed by strong national standings of its top three areas: Provo, Utah; Cheyenne, Wyo.; and Greeley, Colo. The areas placed 12th, 14th and 22nd, respectively, in the United States for restaurant opportunity.

Provo, 44 miles south of Salt Lake City, is the site of Brigham Young University. "Up until about five years ago, Provo was a sleepy college town," says Scott Slaymaker, a T.G.I. Friday's and Tony Roma's franchisee.

However, an influx of new business, for instance, Novell, Dynex Inc. and WICAT Systems Inc., livened up the area, says Slaymaker.

The transformation is still taking place. Novell, a Provo-based operating-systems software company and developer of network services, recently announced that it is hiring 3,000 new employees. With more people holding higher-paying jobs moving into the area, demographics have shifted, and dining out has increased.

"Our income level increased just enough where people can live comfortably and go out without feeling it in their pocket," says Robb Hicken, business editor for Provo's *Daily Herald*.

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TOP 10 MSAs: MOUNTAIN REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	1991 total sales ($000)	Per HH expenditures	Demand per location	Income share
1. Provo-Orem, Utah	152	71,559	$26,634	315	$ 112,102	$1,567	$355,879	5.88%
2. Cheyenne, Wyo.	147	28,509	26,262	130	44,418	1,558	341,678	5.93
3. Greeley, Colo.	140	47,866	25,515	236	74,532	1,557	315,815	6.10
4. Las Cruces, N.M.	135	47,051	24,091	244	71,612	1,522	293,490	6.32
5. Salt Lake City-Ogden, Utah	119	353,200	32,047	1,825	580,695	1,644	318,189	5.13
6. Boise City, Idaho	111	79,285	29,347	461	127,653	1,610	276,904	5.49
7. Billings, Mont.	109	44,922	25,942	281	70,029	1,559	249,215	6.01
8. Denver	108	659,856	35,532	3,500	1,105,540	1,675	315,869	4.72
9. Tucson, Ariz.	104	269,840	29,959	1,609	431,538	1,599	268,203	5.34
10. Great Falls, Mont.	101	30,296	25,424	209	47,170	1,557	225,693	6.12
REGION TOTALS	100	5,149,777	29,672	32,345	8,242,676	1,601	254,836	5.39

R&I EXCLUSIVE

College-student labor, traffic help Greeley and Provo restaurants.

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Additionally, Hicken and Slaymaker agree that the presence of the university and its 26,000 students has had a stabilizing effect on the economy.

"The [student] labor supply is conducive to the kinds of jobs we offer in the restaurant industry," adds Slaymaker, whose company opened a Tony Roma's restaurant in Provo within the last year.

Hicken estimates that at least 11 other restaurants have opened in Provo in the same period, including The Olive Garden and Denny's.

Only one restaurant of the dozen featured a Mexican menu, says Hicken, which could be indicative of the growth potential for quick-service and full-service Mexican restaurants, the top two menu segments listed in our survey for the Provo area.

In the No. 2 market of Cheyenne, however, Mexican is hot. Cheyenne, which is 100 miles north of Denver, is the headquarters of Taco John's International.

"We have six [units] in Cheyenne and they are doing splendidly," says Monica Miller, public relations director for Taco John's. Miller points out that in May, company restaurant sales for the Cheyenne stores were up 19.4%.

The rest of the restaurant industry is growing too, says Miller. She cites new employers, a large Air Force base and a sizable National Guard operation as economy boosters.

"It may be that restaurant companies looked at our demographics and saw that we have a stable economy, a growing community and that we didn't really have a lot of options for where to eat. For years, most people drove 50 miles to Fort Collins, Colo., to go out to eat," says Miller.

Just southeast of Fort Collins is Greeley, the No. 3 area of opportunity. Like Provo, Greeley is a college town. It also is a shipping point for livestock and farm products. Like those of Cheyenne, residents often trek to Fort Collins for a good meal, says Pat Armijo, business writer for the *Greeley Tribune*.

Armijo notes that because of Greeley's high Hispanic population, Mexican is the only restaurant segment that is not lacking in number of units, leaving lots of room for other menu concepts. —**Brenda McCarthy**

MENU OPPORTUNITIES IN PROVO-OREM, UTAH

Segment	Menu opportunity index
QSR Mexican	156
FS Mexican	132
QSR pizza	125
QSR sandwich	115
QSR doughnut	112
QSR chicken	112
Midscale family steak	110
FS fish/seafood	103
QSR fish/seafood	101
QSR ice cream	101
Midscale family-style	100
Midscale cafeteria	98
QSR varied menu	97
QSR retail	93
Upscale moderate check	93
Upscale varied	92
Midscale varied	91
FS Oriental	90
Upscale casual	89
FS Italian	86
Midscale hotel	73
Upscale hotel	73
Upscale high check	59
UNITED STATES (each segment)	100

Source: Equitec National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: MOUNTAIN

MSAs	Region index	U.S. index	MSAs	Region index	U.S. index
Provo-Orem, Utah	152	155	Casper, Wyo.	100	101
Cheyenne, Wyo.	147	150	Colorado Springs, Colo.	98	100
Greeley, Colo.	140	143	Fort Collins-Loveland, Colo.	97	99
Las Cruces, N.M.	135	137	Albuquerque, N.M.	96	98
Salt Lake City-Ogden, Utah	119	121	Phoenix	94	96
Boise City, Idaho	111	112	Las Vegas	89	90
Billings, Mont.	109	111	Boulder-Longmont, Colo.	86	88
Denver	108	110	Santa Fe, N.M.	84	85
Tucson, Ariz.	104	106	Reno, Nev.	82	83
Great Falls, Mont.	101	102			
Pueblo, Colo.	100	102	REGION/U.S. AVERAGE	100	100

Source: Equitec National Decision Systems

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R&I EXCLUSIVE

7. MIDDLE ATLANTIC

Pennsylvania sweeps the top three spots for growth opportunity.

The Middle Atlantic region finished with an index rating of 88, seventh overall. Operators *R&I* spoke with confirm the region's lackluster market and are surprised at the top two potential areas: Beaver County, Pa., and Johnstown, Pa. The No. 3 area, York, Pa., draws nods of affirmation because many Maryland dwellers—a scant 25 miles from York—have experienced high tax increases and are choosing to move to York and commute 50 miles south to Baltimore for work. Pennsylvania does not tax clothing or grocery purchases for state residents.

Johnstown, a steel town 78 miles east of Pittsburgh, and Beaver County, an industrial center 25 miles northwest of Pittsburgh, are not as ideally located as York. Their economies and employment rates have suffered greatly during the recession and their recovery has been slow in coming.

In Johnstown, steel mill closings drove the area unemployment rate upward, says Jeff McCready, a business writer for the *Johnstown Tribune-Democrat*. But the closings also injected some cash into the economy in the form of retirement packages.

"We have a lot of retired people who were offered packages," says McCready.

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TOP 10 MSAs: MIDDLE ATLANTIC REGION

	Retirement opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	Eating and drinking locations: 1991 total sales ($000)	Eating and drinking locations: Per HH expenditure	Eating and drinking locations: Sales per location	Income share
1. Beaver County, Pa.	165	72,181	$25,383	355	$ 113,336	$1,570	$319,256	6.19%
2. Johnstown, Pa.	158	91,928	21,496	507	137,498	1,496	271,199	6.96
3. York, Pa.	154	160,016	33,364	719	265,865	1,661	369,771	4.98
4. Vineland-Millville, N.J.	144	47,684	31,400	234	77,568	1,627	331,488	5.18
5. Sharon, Pa.	143	45,834	24,814	260	70,964	1,548	272,937	6.24
6. Lancaster, Pa.	143	154,740	34,801	733	259,262	1,675	353,700	4.81
7. Altoona, Pa.	135	50,696	24,195	308	78,183	1,542	253,839	6.37
8. State College, Pa.	135	43,617	30,696	228	70,276	1,611	308,226	5.25
9. Williamsport, Pa.	133	45,412	26,788	265	71,520	1,575	269,887	5.88
10. Elmira, N.Y.	126	35,520	27,856	213	56,398	1,588	264,777	5.70
REGION TOTALS	100	14,124,860	37,857	86,184	23,461,187	1,661	272,222	4.39

Source: Equifax National Decision Systems

Construction, retiree spending help spur economic growth.

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"And these people have a lot of money. My feeling is that the retirees wield substantial power."

And McCready believes that Johnstown has opportunity for restaurant growth. "One of the industry groups with employment increases is eating and drinking places. These restaurants that open will hire maybe 50 people," he says.

Some of those restaurants will be located in or near two new mall developments being built in Johnstown. Additionally, McCready lists Chi-Chi's and Bob Evans as new restaurants already in greater Johnstown. They, as well as an older restaurant named Hoss's Steak and Sea House, "seem to have lines all the time," he says.

Hoss's Steak and Sea House of Dunkinville, Pa., has 28 units in the state and plans to open two more in 1992. A Hoss's executive, who asked not to be named, said the chain's growth is attributable to its valid concept, good food and good service—a combination that, while not recession-proof, keeps a customer base.

Hoss's has units on three sides of Beaver County, including the one in Johnstown, but no restaurants are located within Beaver County. The reason, says the Hoss's executive, is Beaver County's unemployment rate.

In Beaver County, two hopeful signs exist for economic recovery. A major traffic route connecting Youngstown, Ohio, and the Pennsylvania Turnpike is being rerouted through the town. And the new Pittsburgh Airport, to be opened in October 1992, might bring even more traffic through Beaver County. —B.M.

RESTAURANT OPPORTUNITY INDEX: MIDDLE ATLANTIC

MSAs	Region index	U.S. index	MSAs	Region index	U.S. index
Beaver County, Pa.	165	146	Utica-Rome, N.Y.	108	95
Johnstown, Pa.	158	140	Allentown-Bethlehem,		
York, Pa.	154	136	Pa.-N.J.	107	95
Vineland-Millville, N.J.	144	127	Syracuse, N.Y.	107	95
Sharon, Pa.	143	126	Philadelphia, Pa.-N.J.	104	92
Lancaster, Pa.	143	126	Albany-Schenectady-		
Altoona, Pa.	135	120	Troy, N.Y.	103	91
State College, Pa.	135	120	Reading, Pa.	99	88
Williamsport, Pa.	133	117	Scranton-Wilkes-Barre, Pa.	94	83
Elmira, N.Y.	126	112	Trenton, N.J.	91	81
Pittsburgh	124	110	Poughkeepsie, N.Y.	86	76
Erie, Pa.	121	107	Glens Falls, N.Y.	86	76
Binghamton, N.Y.	120	106	Orange County, N.Y.	83	74
Buffalo, N.Y.	118	104	Newark, N.J.	78	69
Harrisburg-Lebanon-			Bergen-Passaic, N.J.	75	67
Carlisle, Pa.	117	104	Nassau-Suffolk, N.Y.	67	60
Jersey City, N.J.	115	101	Middlesex-Somerset, N.J.	67	59
Niagara Falls, N.Y.	114	101	Monmouth-Ocean, N.J.	63	56
Rochester, N.Y.	113	100	Atlantic City, N.J.	58	51
New York	112	99	REGION/U.S. AVERAGE	100	100

Source: Expitz National Decision Systems

MENU OPPORTUNITIES IN BEAVER COUNTY, PA.

Segment	Menu opportunity index
QSR doughnut	115
Midscale family-style	111
Midscale varied	111
FS fish/seafood	110
QSR Mexican	110
Midscale cafeteria	107
Midscale family steak	104
QSR ice cream	104
QSR pizza	104
Upscale varied	104
QSR sandwich	101
QSR retail	100
Upscale moderate check	100
FS Italian	99
FS Mexican	99
QSR fish/seafood	99
QSR chicken	97
Midscale hotel	95
QSR varied menu	92
Upscale casual	90
FS Oriental	89
Upscale hotel	88
Upscale high check	79
UNITED STATES (each segment)	100

Source: Expitz National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

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R&I EXCLUSIVE

8. PACIFIC

Washington leads while California lags in opportunity.

The Pacific region, with an index rating of 85, lands eighth on our survey. Vancouver, Wash., the No. 1 area within the region, is representative of the strong showing of the Pacific Northwest; seven out of the 10 top Pacific areas are in Washington and Oregon.

Helping Vancouver is a rapidly growing high-tech industry; Hewlett-Packard is about to replace James River, the paper mill, as the area's largest employer. And Jerry Rhodes, business reporter for *The Columbian*, Vancouver, sees restaurant potential.

"There is room for growth," says Rhodes. "I'd question Mexican, though." Quick-service Mexican tops the menu segments for opportunity, but Rhodes mentions five units located within a two-mile stretch. He adds, however, that Taco Bell is expanding.

Jeff Lightburn, director of corporate communications for Irvine, Calif.-based Taco Bell, sees opportunity for Mexican in Vancouver.

"Mexican food is a very popular niche. We have four restaurants there," says Lightburn.

The Pacific's No. 2 and No. 3 areas, Yuba City and Chico, are located in California. Both lie north of Sacramento—Yuba City by

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TOP 10 MSAs: PACIFIC REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	Eating and drinking locations: 1991 total sales ($000)	Eating and drinking locations: Per HH expenditure	Eating and drinking locations: Demand per location	Income share
1. Vancouver, Wash.	176	91,115	$31,314	388	$ 149,432	$1,640	$385,135	5.24%
2. Yuba City, Calif.	175	43,795	23,107	217	66,356	1,515	305,786	6.56
3. Chico, Calif.	159	73,474	23,103	404	111,475	1,517	275,928	6.57
4. Salem, Ore.	156	103,548	26,692	539	162,960	1,574	302,338	5.90
5. Merced, Calif.	154	56,935	26,382	299	88,980	1,563	297,594	5.92
6. Tacoma, Wash.	153	220,457	30,064	1,086	355,060	1,611	326,943	5.36
7. Bremerton, Wash.	151	72,216	32,618	348	119,134	1,650	342,340	5.06
8. Olympia, Wash.	145	64,203	29,619	339	103,351	1,610	304,871	5.43
9. Eugene-Springfield, Ore.	143	112,315	26,513	638	175,971	1,567	275,817	5.91
10. Spokane, Wash.	141	143,374	26,977	814	225,231	1,571	276,696	5.82
REGION TOTALS	100	14,258,468	37,091	92,838	23,690,096	1,661	255,177	4.48

Source: Equifax National Decision Systems

R&I EXCLUSIVE

Resident migration from urban areas helps Yuba City and Chico.

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45 miles and Chico by 90 miles. Yuba City is an agricultural center, while most of Chico's residents work in education, retail and government.

Though the agriculture industry in Yuba City is suffering, the population is booming, says Bob Magnetti, assistant food editor at the *Appeal-Democrat*, Marysville, Calif. Its cheaper housing is attracting Sacramento residents. It is these people who will support the restaurant industry.

A similar migration situation is at work in Chico, where Bay area and Southern California residents are relocating. Chico is considered a recreational destination and has a lower crime rate than urban areas, says Laura Ursery, business editor for the Chico *Enterprise Record*.

	Region*	U.S.
Vancouver, Wash.	176	149
Yuba City, Calif.	175	148
Chico, Calif.	159	134
Salem, Ore.	156	132
Merced, Calif.	154	131
Tacoma, Wash.	153	130
Bremerton, Wash.	151	128
Olympia, Wash.	145	123
Eugene-Springfield, Ore.	143	121
Spokane, Wash.	141	119
Stockton, Calif.	140	119
Yakima, Wash.	140	118
Vallejo-Fairfield-Napa, Calif.	140	118
Modesto, Calif.	138	117
Richland-Kennewick-Pasco, Wash.	137	116
Redding, Calif.	135	114
Medford, Ore.	135	114
Visalia-Tulare-Porterville, Calif.	133	113
Riverside-San Bernardino, Calif.	132	111
Portland, Ore.	131	111
Sacramento, Calif.	123	105
Seattle	118	100
Bellingham, Wash.	117	99
Santa Rosa-Petaluma, Calif.	115	97
Bakersfield, Calif.	113	96
San Diego	109	93
Fresno, Calif.	107	91
Anchorage, Alaska	106	90
Santa Cruz, Calif.	99	84
Oxnard-Ventura, Calif.	98	83
San Jose, Calif.	92	78
Santa Barbara-St. Maria, Calif.	89	75
Salinas-Seaside-Monterey, Calif.	88	75
Oakland, Calif.	86	73
Honolulu	85	72
Los Angeles-Long Beach, Calif.	83	70
San Francisco	72	61
Anaheim-Santa Ana, Calif.	70	59
REGION/U.S. AVERAGE	100	100

QSR Mexican	127
QSR doughnut	119
QSR pizza	115
FS Mexican	113
Midscale family-style	109
Upscale moderate check	105
Upscale varied	105
QSR sandwich	104
Upscale casual	103
FS fish/seafood	101
FS Italian	101
Midscale varied	100
QSR ice cream	100
Midscale family steak	98
QSR varied menu	96
FS Oriental	95
Upscale hotel	92
QSR fish/seafood	91
Midscale cafeteria	90
QSR chicken	89
QSR retail	89
Midscale hotel	87
Upscale high check	81
UNITED STATES (each segment)	100

Ursery also expresses some surprise at Chico's third-place ranking, however. While Chico does have a strong labor pool of students from Chico State University who work in restaurants, it has also seen restaurants go under in summer when many students leave. Fast-food chains fare better. "They are popping up all over," says Ursery.

And while unemployment in Butte County, where Chico is located, is the highest in seven years, Ursery sees some retailers taking advantage of the slow economy by building cheaper and financing at lower rates. "It may be the same feeling in the restaurant business," she says. —B.M.

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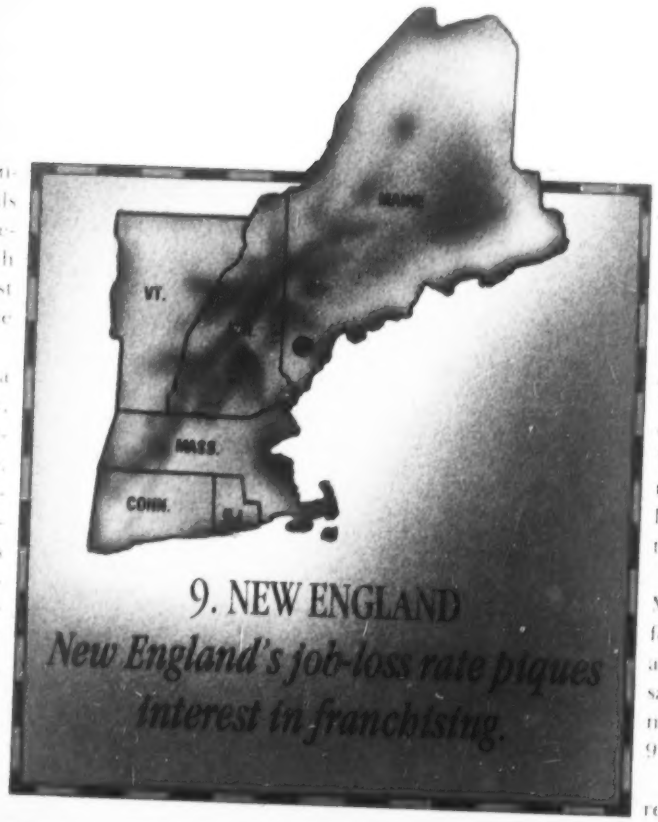
R&I EXCLUSIVE



That New England index rating: 81) trails the other eight census regions is no surprise. Both the West and the East Coast have been hardest hit by the recession.

Even region No. 9 has a No. 1 area of opportunity, though, and in New England it is Lewiston-Auburn, Maine. Located in the southwest corner of the state, Lewiston-Auburn is 135 miles north of Boston. Traditionally an industrial, wholesale and agricultural center, it has suffered an erosion of its industry sector with the loss of its textile manufacturing base.

For at least one restaurant chain, however, the talented personnel set adrift by the recession resulted in an increased interest in franchising.

"As people started to lose jobs here, they looked for the support a franchise offers," says Tom Farr, Maine's Subway development agent. "And they looked at Subway and saw that no stores were failing."

Far from failing, in fact, Maine Subway stores open for more than a year had an average 12% increase in sales for 1991, topping the national average increase of 9%, says Farr.

Subway has not yet reached the saturation point

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TOP 10 MSAs: NEW ENGLAND REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Existing fast-growing segments: 1991 total sales	Per HH	Demand per location	Income growth
1. Lewiston-Auburn, Maine	169	40,668	$29,164	192	$ 65,076	$1,600	$338,937	5.49%
2. Bangor, Maine	160	55,091	28,722	277	87,809	1,594	317,002	5.55
3. Springfield, Mass.	122	222,908	36,780	1,254	371,940	1,669	296,603	4.54
4. New Bedford-Fall River, Mass.	112	190,282	35,324	1,190	314,154	1,651	263,995	4.67
5. Hartford-New Britain-Middleton, Conn.	112	432,137	47,867	2,270	758,835	1,756	334,289	3.67
6. Burlington, Vt.	109	49,776	41,459	294	85,467	1,716	290,500	4.14
7. Worcester-Fitchburg, Mass.	108	265,138	41,468	1,565	451,720	1,704	288,639	4.11
8. New London-Norwich, Conn.	107	95,233	42,113	578	164,920	1,732	285,328	4.11
9. Portland, Maine	104	96,536	37,179	639	162,048	1,679	253,596	4.51
10. New Haven-Waterbury-Meriden, Conn.	101	318,221	43,120	1,912	533,611	1,720	279,085	3.99
REGION TOTALS	100	5,029,227	43,036	30,993	8,584,481	1,767	276,991	3.97

Operators open restaurants, but open them with reservation.

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in Maine; in 1990 that state had only two stores. This, coupled with national advertising, has contributed to the chain's Maine success, says Earl.

Phil Libby, co-owner of Sam's Italian Foods, Lewiston, agrees. "For restaurants, this was virgin territory up until a few years ago. The chains hadn't really got this far out yet."

But his seven-unit, quick-service Italian restaurant has not shared the same success as Subway. "Traffic is down for the last two years," says Libby.

The reason could be that Sam's is in a menu segment with less potential. *R&I*'s survey results show that in Lewiston-Auburn, opportunity lies in quick-service seafood, ice cream and midscale family steakhouses.

"That may be an accurate assessment," says Mark Mogensen, assignment editor for the Lewiston *Sun-Journal*. "There certainly aren't any quick-service seafood restaurants that stand out here. In general, the seafood restaurants tend to be 'sit-down-and-enjoy-yourself.'"

Mogensen adds that though many businesses have been closed, the stories the *Sun-Journal* has published recently about new businesses have been about restaurant and bar/club openings.

Two other survey areas pegged for growth in the New England region are Bangor, Maine, and Springfield, Mass. Bangor is about 90 miles northeast of Lewiston-Auburn.

Carroll Astbury, business editor for the Bangor *News*, says that for a city its size, Bangor has an "incredible mix" of restaurants, a fact that, in his opinion, makes the market saturated.

"But there are a lot of little chains we don't have," he adds. "And Red Lobster just moved in, so they must have done some sort of research on the area."

Springfield, located 89 miles west of Boston, is the site of three recently opened Little Caesar's units. Other chains new to the area have opened as well, says Nancy Piccin, business editor at the Springfield *Union-News*. Piccin also notes that the family-dining chain Friendly's is based in a suburb of Springfield, and that it is steadily expanding. —B.M.

MENU OPPORTUNITIES IN LEWISTON-AUBURN

	Menu opportunity index
Midscale family steak	146
QSR fish/seafood	120
QSR ice cream	119
Midscale varied	117
QSR chicken	117
QSR sandwich	111
QSR retail	110
QSR doughnut	108
QSR pizza	108
FS fish/seafood	104
Midscale family-style	103
QSR varied menu	102
Midscale cafeteria	101
QSR Mexican	100
Midscale hotel	97
Upscale varied	92
Upscale moderate check	84
FS Oriental	83
FS Italian	80
FS Mexican	80
Upscale hotel	70
Upscale casual	69
Upscale high check	63
UNITED STATES (each segment)	100

Source: Warner Nielsen Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: NEW ENGLAND

	Region Index	U.S. Index		Region Index	U.S. Index
Lewiston-Auburn, Maine	169	138	Providence-Pawtucket-Woonsocket, R.I.	101	82
Bangor, Maine	160	130	Boston-Lawrence-Salem-Lowell, Mass.	97	79
Springfield, Mass.	122	100	Pittsfield, Mass.	92	74
New Bedford-Fall River, Mass.	112	91	Manchester-Nashua, N.H.	91	74
Hartford-New Britain-Middleton, Conn.	112	91	Portsmouth-Dover-Rochester, N.H.	85	69
Burlington, Vt.	109	89	Bridgeport-Stamford-Norwalk, Conn.	80	65
Worcester-Fitchburg, Mass.	108	88			
New London-Norwich, Conn.	107	87			
Portland, Maine	104	85			
New Haven-Waterbury-Meridien, Conn.	101	82	REGION/U.S. AVERAGE	100	100

Source: Warner Nielsen Decision Systems

R&I PRODUCT CATALOG

368 COOKIES

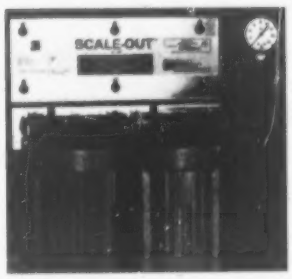
A new price and new packaging for the single-serve 2-pack large cookie line (chocolate chip, sugar, brownie and oatmeal) has been announced. (800) 327-4042. ***Pepperidge Farm Foodservice.***

376 SWEETENER

Sprinkle Weight Watchers Sweet'ner over fruit and hot and cold cereal, and in beverages. ***Weight Watchers Intl. Inc.***

369 FILTERS

ScaleOUT™ filters prevent premature wear of ice, coffee and beverage dispensing equipment and decrease maintenance, repairs and down-time. ***Selecto Inc.***



370 COTTAGE CHEESE

Light n' Lively® low-fat cottage cheese now is available in 3- and 5-lb. tubs, and in plain and flavored 4-oz. cups. Serve in salads or as a side dish. (800) 962-2779. ***National Dairy Products Corp.***

371 BANANAS

Three different forms of Sliced Bananas have been introduced to meet specific requirements of applications where piece identity is required including shelf stable, refrigerated and frozen uses. Available in Frozen Block and IQF 48-lb. bag-in-box cartons, both packed in ascorbic acid to preserve natural color. Sliced Bananas also are available in light syrup packed in No. 10 cans. (800) 438-0015. ***Chiquita Brands Inc.***

372 BATTER

Frozen Low-Fat Blueberry Muffin Batter contains no cholesterol and only 2 grams of fat per 2½-oz. muffin. The batter is packed in 8-lb. tubs, 4 to a case, and yields 176 to 184 muffins per case. Batter lasts in the freezer for up to 6 months and, once thawed, can be refrigerated for up to 48 hours. Mini muffins, Texas-style large muffins and demi-loaves are batter usage alternatives. (800) 255-4129. ***The Quaker Oats Co.***

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